



## Analysis of the Difference in Business Costs of Broiler Chicken Traders in Various Markets

Indra Wahyuda<sup>1</sup>, Yusniar<sup>1</sup>, Syahbudin<sup>1</sup>

<sup>1</sup>Universitas Medan Area, Indonesia

\*Corresponding Author: Indra Wahyuda

E-mail: [indra.wahyuda73@gmail.com](mailto:indra.wahyuda73@gmail.com)



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### Abstract

*This study aims to analyze the difference in business costs of broiler chicken traders in various markets in Kuala Simpang City, Aceh Tamiang Regency, as well as to find out the level of income obtained by traders. The research method used is a qualitative approach with data collection techniques through interviews, observations, and documentation. The data obtained was analyzed using descriptive methods to understand the factors that affect the cost structure and income of traders. The results of the study show that the business cost structure of broiler chicken traders consists of fixed costs and variable costs. Variable costs are the largest component of total expenses, with the cost of purchasing chickens, transportation, and labor as the main factors affecting operating costs. The total business costs of broiler chicken traders per month reached Rp. 155,343,000, of which variable costs reached Rp. 155,028,000 and fixed costs amounted to Rp. 315,000. Meanwhile, the total average revenue of traders is Rp. 161,620,435 per month, so that the net income obtained is Rp. 6,277,435 per month. The conclusion of this study is that the broiler chicken trader's business in Kuala Simpang City is still profitable, despite the challenges in managing variable costs. To increase profitability, traders are advised to adopt cost efficiency strategies and product diversification. The government is also expected to provide support in the form of price regulations and improvement of market facilities to support the sustainability of broiler chicken traders' businesses.*

## Introduction

Traditional markets play an important role in the community's economy, especially for small and medium businesses, including broiler chicken traders (Malano, 2013). Broiler chicken is one of the main commodities in the food sector that has high demand in various regions, including in Kuala Simpang City, Aceh Tamiang. The stable demand for broiler chickens makes this chicken trading business a promising sector for traders. However, in running their businesses, traders face various challenges, especially in terms of differences in business costs in various markets. The city of Kuala Simpang has several markets that are the center of the broiler chicken trade. Each market has different characteristics, both in terms of location, number of customers, and costs that must be incurred by traders (Kim et al., 2023; Ribeiro et al., 2023; Rumanyika et al., 2021). This difference in costs includes the cost of renting stalls, transportation, labor, and other operational costs (Suryani, 2015). Therefore, it is important to understand the factors that cause the variation in business costs in each market to provide a clearer picture of business profitability and efficiency.

In the business world, cost efficiency is one of the main factors that determine business sustainability (Indrawanto, 2024; Ahmad et al., 2024; Martínez-Peláez et al., 2023; Pizzi et al., 2021). Broiler chicken traders must be able to manage costs effectively in order to remain

competitive and obtain optimal profits. If business costs are too high without being balanced with adequate income, then the business is at risk of loss. On the other hand, if traders can reduce business costs while maintaining the quality of products and services, then the chances of earning greater profits will increase (Fuad, 2006; Andriani et al., 2021).

Differences in business costs in various markets can be caused by several external and internal factors. External factors include market conditions, government regulations, and infrastructure availability, while internal factors include the business strategies implemented by each trader (Slamet et al., 2016). By understanding these factors, traders can determine a more appropriate strategy in managing their ventures in different markets. Kuala Simpang City, as the economic center in Aceh Tamiang Regency, has several traditional markets that are the main places for broiler chicken trading. Each market has different dynamics and cost structures, depending on the level of competition, accessibility, and consumer demand. Therefore, an in-depth analysis is needed to understand how these cost differences affect the businesses of broiler chicken traders.

One of the main factors that causes the difference in business costs is transportation costs. Markets located farther from distribution centers typically have higher transportation costs compared to markets close to broiler chicken supply sources (Suryani, 2015). In addition, the condition of road infrastructure also affects transportation costs. Damaged or hard-to-walk roads can increase logistics costs and delivery times. In addition to transportation, another factor that affects the difference in business costs is the cost of renting stalls in the market. Each market has a different rental policy, depending on the location and the level of merchant density (Kadir, 2006). More crowded markets usually have higher rental costs compared to less popular markets. This can be a consideration for traders in choosing the most profitable selling location.

Labor costs are also an important component in the broiler chicken trading business. In certain markets, traders may need additional labor to assist with the process of loading and unloading chickens, weighing, and customer service. The magnitude of these labor costs can vary depending on the wage level in each market and the availability of daily workers (Malik, 2018). In addition to the direct costs incurred by traders, there are also indirect costs that need to be taken into account, such as business license fees, security fees, and market cleaning fees. Each market has a different policy regarding these fees, which can impact the trader's total spend (Yani, 2021). By understanding these cost differences, traders can do better financial planning to optimize their profits.

This analysis of the difference in business costs is important not only for traders, but also for local governments in designing policies that support the development of the broiler chicken trade sector. With more accurate data on the cost structure in various markets, the government can provide more appropriate solutions in helping traders reduce their business burden. In addition, this analysis is also useful for prospective traders who want to start a business in the field of broiler chicken trading. By knowing the differences in business costs in various markets, they can make more informed decisions in determining the most profitable business location and more effective business strategies. Competition among broiler chicken traders is also a factor that affects the cost structure. Markets with a high level of competition tend to have more competitive selling prices, so traders need to be more careful in managing their business costs in order to still get adequate profits. In this study, the business cost analysis approach will be used to identify the main factors that cause cost differences in various markets in Kuala Simpang City. The methods used include collecting field data, interviews with traders, as well as comparative analysis between different markets.

The results of this study are expected to provide a more comprehensive picture of the business cost structure of broiler chicken traders. Thus, traders can adopt more effective strategies in running their ventures and increase their competitiveness in the market. In addition, the study also aims to identify the main challenges faced by traders in managing their business costs. By understanding these challenges, it is hoped that more appropriate solutions can be found in improving the efficiency and profitability of broiler chicken trading businesses. In a broader context, the results of this study can also contribute to the development of the food trade sector in Kuala Sipang City. With more accurate information about market dynamics, various parties involved in the broiler chicken supply chain can take more effective steps in improving the efficiency and sustainability of their businesses. With the difference in business costs in various markets, traders need to be more adaptive in developing their business strategies. Factors such as location selection, price negotiations with suppliers, and operational efficiency are the main keys in maintaining business sustainability in the midst of fierce competition.

It is important for traders to have a deep understanding of how these cost differences can affect their profit margins. By conducting regular cost analysis, they can identify opportunities to reduce expenses and improve the efficiency of their business. Through this research, it is hoped that a broader insight can be obtained about the dynamics of the broiler chicken trade in Kuala Sipang City. With a better understanding of the cost structure of the venture, traders can take more strategic steps in growing their business and facing the challenges that exist in the market. In conclusion, the difference in business costs of broiler chicken traders in various markets in Kuala Simpang City is a complex phenomenon and is influenced by various factors. With proper analysis, it is hoped that more effective strategies can be found for traders in managing their businesses more efficiently and sustainably.

## Methods

This study uses a qualitative approach with the aim of understanding and analyzing the differences in business costs of broiler chicken traders in various markets in Kuala Simpang City, Aceh Tamiang. The qualitative approach was chosen because the research focuses on an in-depth understanding of the factors that influence traders' cost structure through their experiences, perspectives, and social interactions in the market (Yusuf, 2013).

This research was conducted in several traditional markets in Kuala Simpang City, Aceh Tamiang, which is the center of the broiler chicken trade. The subjects of the study consisted of broiler chicken traders who sell in these markets, as well as related parties such as chicken suppliers, market managers, and customers. The selection of subjects is carried out purposively, namely selecting individuals who are considered to have relevant information and can provide in-depth insights related to differences in business costs.

Data collection in this study was carried out through several techniques (Jogiyanto Hartono, 2018) that is: a) In-depth Interview: Interviews are conducted with broiler chicken traders to find out information related to business costs, challenges faced, and strategies used in managing their business in various markets; b) Field Observation: Observation is carried out to understand market conditions, trader interactions, and external factors that affect business costs, such as stall rental costs, transportation, and labor; c) Documentation: The researcher also collects various supporting documents, such as records of traders' transactions, market regulations, and policies that affect the structure of business costs.

The data obtained were analyzed using the thematic analysis method. Steps in data analysis include (Miles & Huberman, 1994): a) Data Reduction: Selecting, simplifying, and organizing the data that has been collected to focus on aspects relevant to the research; b) Categorization and Coding: Grouping data based on themes or patterns that emerge from interviews,

observations, and documentation; c) Data Interpretation: Analyzing findings by relating them to research theories and contexts to gain a deeper understanding; d) Data Presentation: The results of the analysis are presented in the form of narrative descriptions to provide a clear picture of the differences in business costs in various markets.

To ensure the validity and reliability of the data, this study applies triangulation techniques, namely: a) Source Triangulation: Comparing data obtained from various informants, such as traders, market managers, and broiler chicken suppliers; b) Triangulation Methods: Using various data collection techniques (interviews, observations, and documentation) to obtain more accurate and comprehensive information; c) Time Triangulation: Collecting data at different times to identify clearer patterns and trends

## Results and Discussion

### Kuala Simpang City

In running a broiler chicken trading business, traders in Kuala Simpang City face various costs that include fixed costs and variable costs. Fixed costs include depreciation of tools, taxes, and other costs that do not depend on sales volume. Meanwhile, variable costs include the cost of purchasing chicken, transportation, labor, and consumption. Based on this research, the total business costs of broiler chicken traders in one month are as follows:

Table 1. Total Business Cost of Chicken Traders Per Month

Information	Total (Rp)
Fixed Costs and Depreciation	315.000
Variable Costs	155.028.000
Total Cost	155.343.000

Source: Primary Data processed

From the results of the study, it can be concluded that the business costs of broiler chicken traders in various markets in Kuala Simpang City are relatively high, with the main components of variable costs, especially the cost of purchasing chicken and labor.

The business costs of broiler chicken traders in Kuala Simpang City show differences based on the type of costs incurred, both fixed costs and variable costs. Based on the results of the study, variable costs have the largest portion in the business cost structure, which is dominated by the cost of purchasing chicken, transportation, and labor. This is in line with research (Trisnawati, 2016) which states that in the livestock business, variable costs such as feed and labor are often the largest cost components. From this study, it is known that the total business cost of broiler chicken traders in one month reaches Rp. 155,343,000, with variable costs of Rp. 155,028,000 and fixed costs of only Rp. 315,000. These results show that broiler chicken trading business is more influenced by external factors such as chicken prices from suppliers and distribution costs.

In this context, the theory of the structure of business costs from (Wahyuni, 2022) relevant, where it is said that business costs consist of fixed costs and variable costs, with variable costs having a direct impact on production volume and selling prices. Traders in the Kuala Simpang market also face challenges in adjusting variable costs to fluctuations in chicken prices in the market, which is in accordance with the research (Nadhar et al., 2024) which states that high production costs can reduce the profit margins of small traders. Therefore, variable cost management is a key factor in maintaining the sustainability of the broiler chicken trader's business.

In addition, in comparing the markets in Kuala Simpang City, some traders reported that markets with better transportation access tended to have lower transportation costs, while more crowded markets had higher stall rental prices. This supports the theory of (Pratama, 2018) which states that the location and accessibility of the market have a direct influence on the merchant's fee structure. Therefore, the selection of market locations is one of the strategic factors for traders in determining the most profitable place of business.

### **Business Income of Broiler Chicken Traders in Various Markets in Kuala Simpang City**

The income of broiler chicken traders is calculated based on total receipts minus total production costs. Receipts are calculated from the number of chickens sold multiplied by the selling price per head. Based on the results of the research, the average income and income of broiler chicken traders in Kuala Simpang City are as follows:

Table 2. Average Monthly Income of Chicken Traders

<b>Information</b>	<b>Total (Rp)</b>
Total Monthly Revenue	161.620.435
Total Monthly Production Cost	155.343.000
Net Income	6.277.435

Source: Primary Data processed

From the table above, it can be seen that the average income of chicken traders in the Kuala Simpang market is Rp. 6,277,435 per month. This income shows that the broiler chicken trader's business in Kuala Simpang City is still profitable because the total revenue is greater than the total costs incurred.

The business income of broiler chicken traders in Kuala Simpang City is determined by total revenue minus total production costs. The results of the study show that the average total revenue in one month reaches Rp. 161,620,435, while the total production cost is Rp. 155,343,000, resulting in a net income of Rp. 6,277,435 per month. The income earned by this trader can be said to be quite good considering that this business is still making profits even though the operational costs are quite large. These findings are in line with research (Mankiw, 2013) which states that business sustainability is highly dependent on the efficiency of cost management and sales levels. Traders who are able to manage variable costs better tend to have more stable earnings compared to traders who experience high price fluctuations from suppliers.

In addition, research conducted by (Kurnianto et al., 2019) It also found that the income of broiler chicken farmers is highly dependent on external factors such as feed prices, labor costs, and market demand levels. This also applies to broiler chicken traders in Kuala Simpang who face challenges in optimizing their income by minimizing costs without compromising the quality of the products sold. In terms of revenue increase strategies, this study supports the findings of Sunardi and Nonok (2010) who stated that traders need to innovate in product marketing and distribution to increase revenue. In Kuala Simpang City, some traders have started implementing price adjustment and service improvement strategies to customers to increase their competitiveness in the market.

In terms of revenue improvement strategies, this study supports the findings of (Purwanti, 2013) which states that merchants need to innovate in product marketing and distribution to increase revenue. In Kuala Simpang City, some traders have started implementing price adjustment and service improvement strategies to customers to increase their competitiveness in the market. In addition to marketing strategies, product diversification is also one of the

solutions that can be applied by broiler chicken traders in Kuala Simpang City. According to research (Yermias et al., 2024), traders who offer a variety of products, such as ready-to-cook chicken or processed chicken products, tend to have a more stable income compared to traders who only sell live chicken or regular chicken. Therefore, broiler chicken traders in Kuala Simpang City can consider diversifying their products to increase their profits.

## **Conclusion**

Based on the results of the research on the comparison of business costs and income of broiler chicken traders in various markets in Kuala Simpang City, it can be concluded that the business cost structure of broiler chicken traders consists of two main components, namely fixed costs and variable costs. Variable costs, especially the cost of purchasing chickens, transportation, and labor, are the largest components of a trader's expenses. This shows that external factors such as the price of chicken from suppliers and distribution costs have a significant influence on the total cost of business. This finding is in line with the theory of business cost structure which states that the greater the variable costs incurred, the greater the impact on the selling price and profit margin of traders. In addition, the results of the study also show that broiler chicken traders in Kuala Simpang City still make profits even though production costs are quite high. With an average total revenue of Rp. 161,620,435 per month and a total production cost of Rp. 155,343,000, traders earn a net income of Rp. 6,277,435 per month. This shows that the broiler chicken trading business in Kuala Simpang City is still feasible and profitable, especially for traders who are able to manage operational costs well.

Comparisons between markets in Kuala Simpang City also show variations in the cost structure and income levels of traders. Markets that have better transportation access tend to provide greater profits for traders due to lower distribution costs. On the other hand, a market with higher stall rental prices can reduce traders' profit margins, so the strategy of choosing a business location is an important factor in determining the success of a business. From a business strategy perspective, broiler chicken traders in Kuala Simpang City can increase their income by implementing marketing innovations, product diversification, and variable cost efficiency. For example, diversifying products such as the sale of ready-to-cook chicken or processed chicken products can increase competitiveness and attract more customers. In addition, optimizing stock management and negotiating prices with suppliers can assist traders in reducing production costs and increasing profit margins.

From the results of this study, it is recommended that local governments participate in supporting broiler chicken traders' businesses through the provision of adequate infrastructure, stable price regulations, and better market facilities. With the support of various parties, it is hoped that the broiler chicken trader's business in Kuala Simpang City can develop more optimally and provide wider economic benefits for the local community. Overall, this study confirms that the broiler chicken trading business in Kuala Simpang City still has good prospects, provided that there is effective cost management and the implementation of adaptive business strategies in accordance with market conditions. The sustainability of this business is highly dependent on the ability of traders to adapt their business strategies to the ever-changing market dynamics.

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